

**CITY OF BOULDER, COLORADO**  
**BOARDS AND COMMISSIONS MEETING SUMMARY FORM**

<b>NAME OF BOARD/COMMISSION:</b> Water Resources Advisory Board
<b>DATE OF MEETING:</b> May 19, 2008
<b>NAME/TELEPHONE OF PERSON PREPARING SUMMARY:</b> Suzanne Lieberman, 303-441-3266
<b>NAMES OF MEMBERS, COUNCIL, STAFF, AND INVITED GUESTS PRESENT:</b> <b>BOARD MEMBERS</b> – Bart Miller, Robin Byers, Kelly DiNatale, William DeOreo, Susan Iott <b>STAFF</b> – Ned Williams, Bob Harberg, Carol Linn, Joanna Crean, Todd Cristiano (Red Oak Consulting), Steve Buckbee, Bret Linenfelser, Suzanne Lieberman, secretary.
<b>WHAT TYPE OF MEETING (BOLD ONE)</b> [REGULAR] [SPECIAL] [QUASI-JUDICIAL]
<b>Agenda Item 1 – Call to Order</b> The meeting was called to order at 7:02 p.m.
<b>Agenda Item 2 – Meeting Minutes – April 21, 2008</b>  <b>There was some discussion here – not sure whether to include</b> <b>Motion:</b> DiNatale – Move to approve April 21, 2008 minutes as amended. <b>Seconded:</b> Iott <b>Vote:</b> 4-0 in favor, Motion passed (DeOreo abstained)
<b>Agenda Item 3 - Public Participation and Comment.</b>  <p style="margin-left: 40px;"><b>Brad Segal:</b> Endocrine disruptors will become an issue at the Nederland Wastewater Treatment Plant (WWTP). We have an opportunity to stop them at the source rather than removing them later. Well-documented effects, hot topic. Prefer a precautionary approach. Because fairly small facility into fairly large reservoir, worth looking into.</p>
<b>Agenda Item 4</b>  <b>Matters from Board –</b> <ul style="list-style-type: none"> <li>• <b>DiNatale:</b> National Institute of Standards and Technology (NIST) water-line break? Private or city line? <b>Williams:</b> Not sure whether city or private. Some of it is their own maintenance.</li> <li>• <b>Williams:</b> Lakewood easement status. Need to schedule and bring Lakewood easement to the WRAB. Would like the Forest Service and City Attorney to be there. Cancel June 16 meeting, schedule tentative special meeting on July 7 and consolidate it with agenda from postponed June meeting. Start July 7 meeting earlier. Keep July 21 meeting. <b>Byers:</b> Can we get graphic representation of alignments of different rights-of-way and pipelines for Lakewood issue? <b>DeOreo:</b> Copies of all correspondence between Forest Service and the city? <b>Williams:</b> Staff has started a list but cannot copy all correspondence over 25 years – too much. There will be a summary of key decisions. <b>DeOreo:</b> Legal opinion? <b>Williams:</b> CAO (City Attorney's Office) will answer this and has provided guidance to council regarding easement execution in the past. <b>DiNatale:</b> Ever an agreement that if city agreed to easement, Forest Service would sign whatever city needed? <b>Williams:</b> Yes, but Forest Service claims material breach and easement needs to be revised. <b>DeOreo:</b> Wants thinking that went into City Council's decision. <b>Byers:</b> Wants signed document, including 1866 grant language plus latest version on the table. <b>Williams:</b> Already sent copy but will send another. <b>Iott:</b> WRAB role vs. CAO role? <b>Williams:</b> Can always give legal advice but that's why we're working with CAO for guidance. <b>Byers:</b> Who drafted most recently signed (breached) lease? <b>Williams:</b> David Skaggs's document via group drafting. <b>Iott:</b> Highlighted version of new clauses? <b>Williams:</b> Highlighting new clauses in 2001 version in yellow. <b>DeOreo:</b> History before WRAB? <b>Williams:</b> Initially came to the board October 13, 2004. Next time was October 15, 2007. Settlement finally executed on pipeline dispute July 18, 2006. <b>Byers:</b> Welds issue? <b>Williams:</b> 2004. Came back to WRAB because Forest Service said we needed new easement; easement language resolved in 1994 but not signed until 2001 because needed to go through EIS process.</li> <li>• <b>Williams:</b> Council discussed status of sale to Valmont Butte as well as fire training at Wells site. First item will return to council June 3 to see whether council comfortable with appraised value of property. Council will make a decision shortly thereafter. Williams's take</li> </ul>

on study session: because any sale option does not recover funds invested in property, some council members are not as anxious to sell as others so sale unsure. Staff trying to find out additional info on clean-up costs from TPL (Trust for Public Land). Either side needs to speak up by June 25 regarding appraised value of property, otherwise that value will be used in calculating value of the land for any sale. **Byers:** Did city pay for entire appraisal? **Williams:** No, TPL shared in costs. **Byers:** Arrangement to pay Utilities until Valmont consummated? Discussion of how to pay Utilities for the lease? **Williams:** Yes, value on the Wells site has been included in the cost estimate for the fire-training center but not exact because size of center/access issues not yet resolved. Strong sentiment with some council members that if center built on Wells site, there needs to be fair market value reimbursement to the water utility - whether or not Valmont Butte property sold. If council says Valmont Butte should not have Utility interest, city should be able to sell property. Right now, council is pursuing TPL in the disposal without fully recovering costs. **DeOreo:** Costs spent? \$1.3 million to acquire and \$400,000 - \$500,000 in mitigation. Utilities picking up half of mitigation. **Byers:** Mitigation not mandated. **Iott:** Would sales idea go to WRAB first? **Byers:** TPL could turn it over to tribal entities for use as a casino. **Williams:** City council aware of all these issues, will do everything in their power to prevent from selling to TPL/casino. **DeOreo:** Still fail to see benefit to the city of selling to TPL. Better to keep as wildlife reserve, e.g. **Byers:** Or renewable energy site. **Miller/Iott:** Process for acquiring land in a trust extremely difficult as would be used for a tribal casino, but still possible. **Iott:** Can WRAB ask to see it? **Williams:** Yes, WRAB can get involved.

- **Miller:** New style of minutes is fine.

#### **Matters from Staff –**

- **Williams:** Water budget rules update. [Williams hands out copy of water budget rules for public comment on the website – until May 29]. Yellow highlighted areas represent changes made on current rules. Would like to be consistent with direction from council. Hope that manager will approve them so that they will be effective in June.
- **Williams:** Silve Lake Ditch update. Shareholders of ditch company informed shareholders regarding agreement in principle worked out with city. Frank Bruno updating council May 20. Anticipates that it will take awhile to develop final agreement, work out details, then on to city council. **Byers:** Bullet-point highlights? **Williams:** No, not yet. **Byers:** How many private shareholders still out there? **DiNatale:** Around 250.
- **Williams:** Nederland WWTP update for July 7 (formerly June 16) WRAB meeting. Staff want to bring info back to WRAB, then afterwards to council. Town of Nederland wants to know Boulder's commitment by June or July in order for them to continue to move forward on the issue. Nederland says they don't need money for 2008 so would like to participate in terms of the CIP (Capital Improvement Program) process. **Iott:** Commitment important to their alternative design? **Williams:** Yes. **Williams:** Nederland looking at 1. Continuing lagoon system, 2. SBR (sequencing batch reactor), 3. MBR (membrane biological reactor). **DiNatale:** In the aeration basins? **Williams:** Not sure. **Iott:** what is city's preference? **Williams:** More is better and continuing aerated lagoon not so great. City supportive of SBR with extra phosphorus removal. Also support MBR, but concerns in terms of operations and ultimate benefits. **Byers:** How much of the watershed near reservoir is on septic versus what is under their municipal system? **Williams:** Not sure. Nederland has information. Nederland has done some extension of sewer mains but has probably run into financial constraints and hasn't done everything it wanted. **DiNatale:** Nederland has hooked up a lot of south-side development into WWTP. **Williams:** We can decide whether to address this issue at the July 7 or July 21 WRAB meeting at the end of this meeting. **DiNatale:** Will staff provide an analysis of comparison of approaches and pollutants of concern? **Williams:** Yes, will also get the town and their engineer, TEC (The Engineering Company), to come to the meeting.

#### **Agenda Item 5 – Update on PIF study.**

Crean and Buckbee gave the presentation. The March 17, 2008 meeting was an opportunity to update WRAB on the Plant Investment Fee (PIF) study. The May 19 meeting will be an opportunity to discuss the preliminary staff recommendation and present the financial analysis that has been completed by Red Oak Consulting. In addition, staff will be able to update WRAB on the outcome of the PIF stakeholder meeting held on May 5.

**Crean:** July 7 would be an ideal time to get formal recommendation for PIF study. Study session packet actually due July 3. Next week, staff will be discussing CII (commercial, industrial and institutional) with chambers and stakeholder group June 4.

**WRAB discussion included:**

- **Conservation incentives under the options.** Under Option 3 indoor budget fairly generous but a new house coming close to 15% would be getting a break compared to a smaller house that would never reach that; whether Option 2 would distinguish between these two types of homes; for Option 3, still disincentives, still count fixtures inside meter so have to buy an extra meter if hit threshold (around 5 bathrooms); the fact that linking PIF to water budget is not really incentivizing conservation for new homes, so support for a system with a smaller PIF linked to water budget for new homes, in order to have the effect of putting money into better water-conserving technology such as higher efficiency fixtures; and the idea of making higher efficiency fixtures a requirement for new homes; the fact that there are already incentives in the monthly bills. The number of permits purchased speculatively; the disconnect between ways to save money and buying very expensive property on spec; whether it is a matter of updating code for building permits or adopting new PIFs; the fact that there has only been community discussion on PIF structure and costs (not updating code) even though the city is constantly updating code. Large house issue has to be dealt with separately.
- **Integrating ICI customers.** Comprehensive study of ICI (Industrial, Commercial and Institutional) customers reflected in study but not in this version; time has come to make study conditional on analysis of ICI customers, otherwise no meaningful results.
- **General costs of stormwater PIFs.** Easy way to assess general cost of stormwater PIFs and reimburse – through e.g. a basin-by-basin approach? Partly achieved through monthly rate structure.
- **Equity issues.** Stormwater – can actually get benefits unlike with water/wastewater, especially for enclaves; the fact that accounts that are not getting assessed stormwater fees because they are not in the city (e.g. unincorporated enclaves) are truly free-riders; how to make this more equitable; possibility of IGAs (intergovernmental agreements) with the county to get those funds into the city or PI; will get benefits of other utilities/mitigation expenditures without having to pay stormwater assessment. There is current negotiation with homeowners along South Boulder Creek – homeowners appealed to city to waive stormwater and development excise fees because most infra-structure built prior to that date (30 years ago) built based on sales taxes; city is moving ahead with annexation on the agreement that the city would waive those excise taxes and stormwater PIFs; their impervious area also a component of their original development long before setting up utility. Gunbarrel more problematic: all developments drain down into Boulder. 10,000 residential customers outside of city, so about 4000 properties; possibility of user fee for all members outside of municipal boundary.
- **PIFs and meter size.** For non-residential accounts, do not tie any portion of PIFs to meter size because doesn't seem to be sufficient correlation; better to use e.g. restaurants and office buildings in terms of gallons per square foot with any outdoor accounts linked to water budgets. Also gets back to comprehensive detailed ICI analysis to see how PIF correlates with actual water use. On residential, desire to avoid forcing people up to a larger meter size unless absolutely necessary. 97% of single family resident customers have ¾-inch meter so most have smaller.
- **Revenue streams from PIFs.** Revenue streams from PIFs are \$450,000 per year for wastewater; uncertainty about bang for buck because city is close to build-out; city is compensating for funds not earned in Option 3 with a lower PIF through multi-family revenue stream, which is continuing to increase. For new customers, idea of setting their own water budget for indoor usage a year ahead of time based on knowledge of their own particular businesses, etc.

**Agenda Item 6 - Update on preliminary 2009 budget, 2009-2014 CIP, 20-year CIP and rates.**

Linn and Harberg gave the presentation. The city goes through an annual budget process creating a six-year planning budget, this year for the time period of 2009 through 2014. Within this process, funds are appropriated for the first year, 2009. Utilities Division staff has formulated projections of revenues and expenditures through the year 2030 as reflected in the 20-year CIP/Fund Financial spreadsheets.

Attached is information concerning the Preliminary 2009 Utilities Budget and the 2009-2030 Utilities Capital Improvement Program (CIP). The attached fund financials (Water Utility - Attachment A (with Carter Lake Pipeline) and B (without Carter Lake Pipeline), Wastewater Utility – Attachment C and Stormwater and Flood Management Utility – Attachment D) reflect actual revenues and expenditures for 2007, updated revenue projections/rate increases for the planning period, updated capital improvements program (CIP) and any proposed additions to operating budget. The operating budget (i.e. personnel costs, chemicals, energy, etc.) and transfers will be updated and incorporated into the fund financials in May after the budget guidelines have been distributed from the central budget office. A Plant Investment Fee (PIF) Study is currently in progress and adjustments to PIF revenues may be incorporated after the council study session on July 15. Staff will return to the Board on July 7th for further discussion and to solicit a recommendation to Planning Board and City Council concerning the proposed 2009 Utilities Division budget and 2009-2014 CIP.

**Fiscal Impacts:** The following percentage increases in additional revenue from monthly utility fees are currently being considered for 2009 to fund the preliminary budget and capital improvements program.

Water	10%
Wastewater	5%
Stormwater/ Flood Management	3%

**Board Feedback:** Staff is asking that WRAB review the preliminary 2009-2014 CIP and to provide feedback to staff on the proposed plan.

**Public Feedback:** Board input is scheduled for this meeting. A formal public hearing and recommendation is scheduled for July 7, 2008. At that time, staff will request that the Board provide a recommendation concerning the proposed 2009-2014 CIP to Planning Board and City Council.

**Staff Recommendation:** NA

**WRAB Discussion included:**

- **Allocation of water as reflected in budget.** Quantity hasn't changed, just allocation within blocks; stress that people aren't paying more for water, but that water budget has rearranged blocks; also stress that \$1.2 million is only if none of the potential funding options materialize.
- **Budget increases in wastewater.** Huge increase in wastewater attributable to increasing costs of fuel and the fact that city signed the contracts prior to some of the escalations. Percentage of wastewater devoted to sludge hauling not big relative to overall costs but still not insignificant. No carbon offset credits for wastewater trucking because city prefers other options in terms of climate change mitigation.
- **"Rate" increase or "revenue" increase?** Discussion of what would happen to revenues if there were no rate increase (Attachment A, Sources of funds, Water); already reduced from 2008 budget number, taking into account changes made from June bills (so no full-year impact); whether this represents a 10% rate increase or a 10% revenue increase; some rates increasing 10% but people not paying 10% more. Some may actually see their bills decrease, total amount being paid for water won't increase, so pitch it like this. So it's not necessarily a rate increase or modification to budget structure, city just needs 10% more in funds; yes, trying to fund operating budget, debt expenditures, CIP, etc. No changes to single family customers so they will see a higher rate in 2009 (to stabilize revenues). Bottom-line fluctuates because capital expenditures fluctuate a lot. Changes affecting multi-family, commercial, irrigation. With Carter Lake, a rate increase soon rather than later. As changes are implemented, might have to do credit for customers, so won't have idea of real impact until fall.
- **Prioritizing implementation of changes.** Adding right-of-way to irrigation-only accounts and loop systems (in which CU is also interested) by June bills; then programming for indoor-outdoor for CII, then HMU, then multifamily, efficiency standard last.
- **Explanation for more positive figures in the near future.** Beyond 2014, expenditures, 3% rate increase, paying off bonds, issuing new bonds. Recently finished master planning for sourcewater projects, which have just been added.
- **Estimated time for hitting build-out.** "Never." 2040 for areas 1 and 2.
- **Assumptions built into budget.** This scenario does not assume federal funding. And assumes

<p>building Carter Lake pipeline over a 20-year bond. Can't stretch it out further because ratings agencies like to see that the city has started to pay off the debt. Waiting for government to approve its 2009 appropriations for starting in October.</p> <ul style="list-style-type: none"> <li>• <b>Questions regarding specific budget figures.</b> \$2.4 million for conveyance for Northern Colorado Water earmarked for treatment alternatives: advanced oxidation and membrane filtration, inflated for 2014 dollars at 3 percent a year. Best management practices for Boulder Feeder Canal – additional work on diversions; no testings yet for EDCs (endocrine disruptor compounds); should be testings for Carter Lake and Boulder Feeder Canal first and then Nederland wastewater; Carter Lake water still very good, deterioration is between Carter Lake and Boulder Reservoir. Of the \$2 million the amount spent on water rights outside legal and water rights engineering averages \$200,000 per year but varies year by year. FERC legal fees are located on the capital side under Barker re-licensing (Attachment A, Row 81). City not active in changing legislation regarding hydro; city trying to get exemptions from licensing so it will have to deal more with the Forest Service. Will trigger an EA or EIS and assumes that existing biological opinion for Lakewood will carry forward and that we would have to just deal with local environmental issues related to pipeline. Valmont mitigation is budgeted in wastewater (Attachment C in CIP, Line 34).</li> <li>• <b>Annotation to major line items.</b> Provide more detailed narrative on all the major line items, e.g. those over \$1 million.</li> <li>• <b>Meter readers.</b> For inclusion in the cover memo, when replacing a meter, everyone should get a reader as part of normal procedure.</li> <li>• <b>Improving water auditing system.</b> Setting up a better annual water audit and accounting system to identify losses through leak-detection program. Plan to build firm capacity at Boulder Reservoir to be able to use pumps when needed.</li> </ul>
<p><b>Agenda Item 7 – Discussion of schedule and agenda items for future meetings.</b></p> <ul style="list-style-type: none"> <li>▪ Postponement of June 16 meeting to July 7. July 7 meeting to include Lakewood easement issue; discussion of whether or not to include the Forest Service.</li> </ul>
<p><b>Agenda Item 8 - Adjournment</b>  <b>Motion:</b> Motion to adjourn by DeOreo.  <b>Seconded by:</b> Miller  <b>Vote:</b> 5-0 in favor, passed.  <b>Meeting adjourned at 10:32 PM.</b></p>
<p><b>Date, Time, and Location of Next Meeting:</b>  The next WRAB meeting will be Monday, July 7 – 6 p.m., regular meeting at special meeting time, Municipal Services Center, 5050 East Pearl Street unless otherwise decided by staff and the board.</p>

These are summary minutes. Audio tapes for full record are available through Central Records or on the WRAB web site.

Minutes approved by: \_\_\_\_\_  
Date: \_\_\_\_\_